

Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 INRE-00 USIE-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 /046 R

DRAFTED BY AF:JBLAKE:RJP:SFB

APPROVED BY AF:JBLAKE

AF/EPS:RBDUNCAN

EXIM:JLENTZ

----- 118278

O 152349Z JAN 76 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI NIACT IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, EXIM, KG

SUBJECT: EXIM FINANCING FOR HOTEL NAIROBI INTER-
CONTINENTAL

FROM BLAKE (AF)

REF: NAIROBI 0429

1. INFORMATION SET FORTH BELOW RE SUBJECT LOAN WAS
DEVELOPED DURING CONVERSATION TODAY WITH BEIM AND LENTZ
OF EXIM.

2. LOAN WAS AUTHORIZED IN JANUARY 1973 AND REMAINED
AVAILABLE UNTIL FEBRUARY 1975. FIRST RE-PAYMENT OF LOAN
WAS TO BE DUE IN MAY 1976. DRAFT CREDIT AGREEMENT WAS
OFFERED TO KENYANS IN MID-1973. DESPITE
REPEATED EFFORTS BY EXIM TO PROD I.H.C. AND KENYANS
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INTO OBTAINING SIGNATURE IN ORDER THAT DISBURSEMENTS

MIGHT BEGIN, NO ACTION WAS TAKEN. LOAN OFFICER (LENTZ) SPOKE WITH REYNOLDS BURGUND IN AUGUST 1975, OCTOBER 1975 AND WITH PAUL O'CONNOR OF I.H.C. IN JANUARY 1976 IN ATTEMPT TO OBTAIN I.H.C. AND KENYAN FINALIZATION OF AGREEMENT BUT WITHOUT SUCCESS.

3. "VERBAL ASSURANCES" TO WHICH MICHAELSEN REFERRED MAY BE RESULT OF MISUNDERSTANDING ARISING OUT OF OCTOBER 1975 CONVERSATION LENTZ HAD WITH BURGUND AT WHICH TIME LENTZ INFORMED BURGUND IN RESPONSE TO LATTER'S URGENT REQUEST, THAT EXIM WOULD NOT REPEAT NOT SEND OUT FORMAL CANCELLATION NOTICE OF LOAN NOTWITHSTANDING FACT THAT SIGNATURE WAS LONG OVERDUE. FNCB, WHICH WAS ALSO CONTACTED BY EXIM TODAY, INDICATES THAT WHILE IT IS STILL PREPARED TO CONSIDER LOAN IT CANNOT BE EXPECTED TO REVERT TO OLD INTEREST RATES. EXIM UNDERSTANDS FNCB HAS TOLD THIS TO I.H.C.

4. OVERALL CONCLUSION OF EXIM IS THAT IT DID EVERYTHING IT COULD TO FINALIZE AGREEMENT AND THAT LAPSE OF AGREEMENT IS RESULT OF I.H.C. AND KENYAN INACTION. EXIM POINTS OUT THAT CHANGES IN INTEREST RATES SINCE AGREEMENT WAS NEGOTIATED MUST BE TAKEN INTO ACCOUNT IN NEGOTIATING ANY NEW AGREEMENT. FACT THAT FIRST REPAYMENT HAD BEEN SCHEDULED FOR MAY 1976 WOULD ALSO REQUIRE REVISION. IN SUM, EXIM DOES NOT SEE HOW IT CAN REASONABLY BE HELD TO BLAME FOR POLICY APPLICABLE TO ALL LENDERS THAT INTEREST RATE IN ANY AGREEMENT REFLECT CURRENT MONEY MARKET CONDITIONS RATHER THAN THOSE THAT OBTAINED THREE YEARS AGO.

5. BOTH EXIM AND FNCB WOULD LIKE TO RECEIVE NEW LOAN APPLICATION FROM I.H.C. AND KENYANS FOR THIS PROJECT.

6. EXIM STATES THAT I.H.C./KENYANS ARE PAST DUE ON COMMITMENT FEES OF \$1,220.45. IT HAS RECEIVED NO RESPONSE TO FOUR BILLS DURING PAST YEAR FOR THIS SUM.

7. EXIM LOAN OFFICER LENZ HAS RECEIVED MESSAGE THAT A MR. WELA, CHAIRMAN OF KENYA HOTEL PROPERTIES HAS BEEN LIMITED OFFICIAL USE

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TRYING TO REACH HIM BY TELEPHONE. ABOVE INFO SHOULD BE PASSED TO HIM. KISSINGER

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, HOTELS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: JBLAKE:RJP:SFB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760016-0054
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Handling Restrictions: n/a
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Legacy Key: link1976/newtext/t19760152/aaaabufi.tel
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Margaret P. Grafeld
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To: NAIROBI
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